

NKANDLA MUNICIPALITY



TABLED BUDGET 2018/19 TO 2020/21

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Abbreviations and Acronyms

CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information
kℓ	kilolitre
km	kilometre
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
PPE	Property Plant and Equipment
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

PART 1 – APPROVED ANNUAL BUDGET

1. MAYOR'S REPORT

DRAFT

2. FINAL BUDGET RESOLUTIONS

- (a) That in terms of the Section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2018/19; and indicative allocations for the two projected outer years 2019/20 and 2020/21; and the multi-year and single year capital appropriations as sets out in the following tables:-
- The annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
 - Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A4
 - Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A2
 - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5
- (b) The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- Budgeted Financial Position as contained in Table A6;
 - Budgeted Cash Flows as contained in Table A7;
 - Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
 - Asset management as contained in Table A9; and
 - Basic service delivery measurement as contained in Table A10.
- (c) That the revenue source that will be utilised to fund both operating and capital budgets be approved and adopted.
- (d) That in terms of the Section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and Sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, the tariffs for the electricity, waste services and property rates as set out in Annexure C be approved and adopted with effect from 1 July 2018:
- (e) That it be noted that Rates, Refuse and other tariffs will be increased by 6 percent.
- (f) That it be noted that the electricity tariffs have been provisionally increased by 7.32% (and levied from 01 August 2018) pending NERSA approval. NERSA guideline is 07.32 percent.
- (g) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R2 600.

(h) To give proper effect to the municipality's annual budget, the Council approves the following draft policies and bylaws:

- That the Customer Care, Credit Control and Debt Collection Policy be noted and approved.
- That the Supply Chain management Policy be noted and approved.
- That the Rates Policy be noted and approved.
- That the Tariff Policy be noted and approved.
- That the Debt Write-off Policy be noted and approved.
- That the Electricity Distribution Policy be noted and approved.
- That the Electricity Supply Policy be noted and approved.
- That the Cash Management and Investment Policy be noted and approved.
- That the Virement Policy be noted and approved.
- That the Funding and Reserve Policy be noted and approved.
- That the Petty Cash Policy be noted and approved.
- That the Indigent Support Policy be noted and approved
- That the Budget Policy be noted and approved
- That the Fixed Asset Management Policy be noted and approved.
- That the Fixed Asset Maintenance Policy be noted and approved.
- That the Creditors Payment and Employee Remuneration Policy be noted and approved.
- That the Property Rates Bylaw be noted and approved.
- That the electricity Bylaw be noted and approved.

3. EXECUTIVE SUMMARY

OVERVIEW OF THE MUNICIPALITY

Nkandla Municipality is located approximately 55 kilometres south west of Mthonjaneni Local Municipality, 60 kilometres from uMlalazi Local Municipality and approximately 50 kilometres from Isandlwane battle fields. It is situated 150 kilometres from Umhlathuze Local Municipality and 250 kilometres from Ethekewini Metropolitan Municipality. Nkandla LM is richly bestowed with natural indigenous forests, sufficient land for different agricultural crops and various famous high qualities Ntingwe Tea which is traded all over the world. The tea is affectionately called Zulu tea abroad. Nkandla LM is pictures recue with rolling lush green hills intercepted by meandering rivers. The natural landscape is breath-taking and remains largely undeveloped which contributes to the beauty and breath-taking view vistas. The place is rich with culture which has been preserved for years.

Nkandla is also the place where some of the first signs of Black resistance against the apartheid system emerged. King Shaka led a great war against people of Zwide in the efforts of coining the Zulu nation during the Mfecane era. One of the nation's greatest Kings, King Cetshwayo was laid to rest within the spread of the untouched natural forest in Nkandla. The people of the world need to know that Nkandla is a place which is extremely tranquil where one can feel at one with nature, where one can turn back the hand of time and reflect on the past and get the sense of what being a true African means. Moving from a rich history to the establishment of a democratic elected government, National, Provincial and Local Municipalities.

The following are the statistics for Nkandla drawn from 2017/18 IDP.

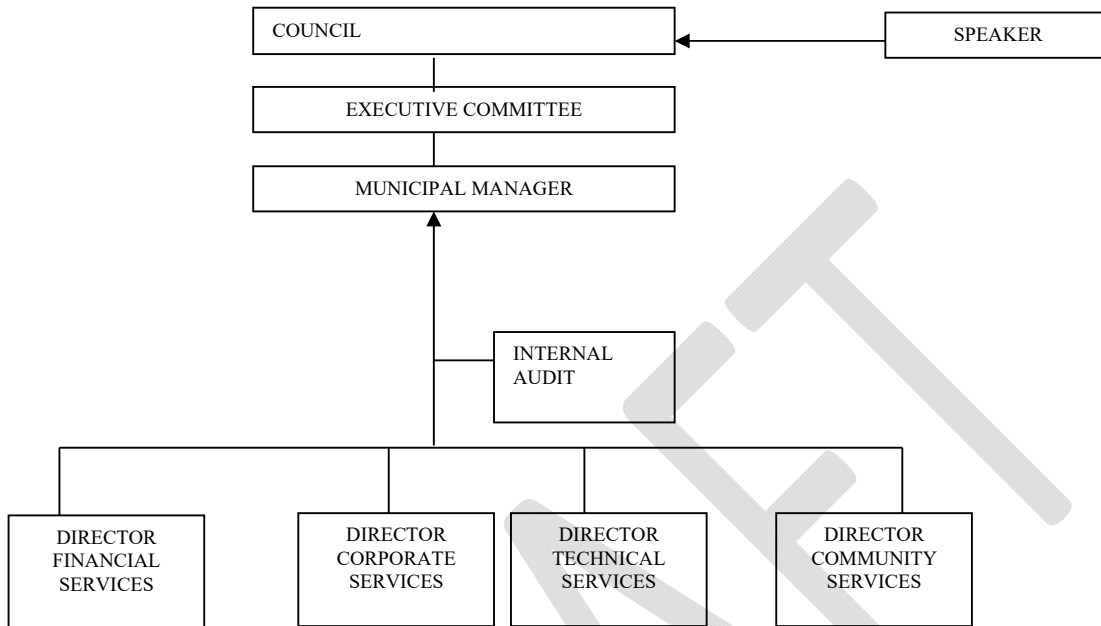
Economic activities	%
Subsistence Agriculture	16
Informal Sector	13
Local Wages	0.5
Migrant Remittances	20
Government Grants	50
No income	42.1

Institutional Arrangements

The Nkandla Municipality Organogram (illustrated below), and as approved by Council, makes provision for a Municipal Manager and four Departments each headed by a Director. The four Departments of the municipality are:

- Financial Services
- Corporate Services
- Technical Services
- Community and Economic Development Services

NKANDLA MUNICIPALITY: ORGANOGRAM



COUNCILLORS, EXECUTIVE COMMITTEE AND OFFICIALS

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS	PORTFOLIO COUNCILLOR	POLITICAL PARTY	WARD
Mayor	AT Ntuli	Budget & Treasury	IFP	06
Deputy Mayor	NFJ Nzuza	Community Services	IFP	06
Speaker	SO Sibiya	Council	IFP	06
Executive Committee Member	BB Dlomo	Technical & Corporate Services	IFP	03
Executive Committee Member	NR Xulu		ANC	11
Executive Committee Member	BZ Mncadi-Mpanza		ANC	11

COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Councillor	Mncube TP	IFP	01
Councillor	Mahaye NP	IFP	01
Councillor	ZM Mbeje	IFP	02
Councillor	MBE Ntombela	ANC	03
Councillor	Nxumalo TF	IFP	04
Councillor	Dlamini PR	ANC	05
Councillor	Mpungose DB	ANC	05
Councillor	Ntuli JB	ANC	06
Councillor	Magubane FK	ANC	06
Councillor	Vacant		07
Councillor	Mbuyisa TB	IFP	08
Councillor	Msimang LMB	IFP	09
Councillor	Ndimba BB	ANC	09
Councillor	Buthelezi PJ	IFP	10
Councillor	Magubane NPN	IFP	10
Councillor	Gasa NW	ANC	10
Councillor	Ntombela TB	IFP	11
Councillor	Zulu NP	ANC	11
Councillor	Sikhakhane AS	IFP	12
Councillor	Lushozi VS	ANC	13
Councillor	Mbambo BS	ANC	14

SENIOR OFFICIALS

DESIGNATION	INITIALS & SURNAME
Municipal Manager	Mr. LS Jili
Director: Financial Services	Mr. S Ntombela
Director: Corporate Services	Ms. N Xulu
Director: Technical Services	Mr. N Mnyandu
Director: Community Services	Vacant

4. LEGISLATION COMPLIANCE STATUS

In terms of Section 16 (1) of the MFMA the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- The budget process.
- Supply Chain Management.
- Financial in-year reporting.
- Adjustment budgeting
- Annual reporting.
- Compilation and implementation of various policies.
- Compilation of procedural notes for main financial accounting processes.
- The budget and Treasury office has been established in accordance with the requirements
- Service Delivery and Budget Implementation plans are applied as monitoring tools
- Audit Committee has been established

Compliance with MFMA Circular No. 91

The Circular guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context. Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework which must be used when compiling the 2018/19 MTREF budget. ALL municipalities MUST use this version for the preparation of their 2018/19 MTREF budget.

The circular emphasise that "It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets".

Legislations

Nkandla Municipality has complied with a number of legislations amongst others-

- Municipal Finance Management Act (No. 56 of 2003)
- Municipal Budget and Reporting Regulations (Government Gazette 32141)
- Annual Division of Revenue Act
- Municipal Structures Act (No. 117 of 1998), as amended
- Municipal Systems Act (No. 32 of 2000), as amended
- Municipal Property Rates Act (No. 6 of 2004), as amended
- Municipal Fiscal Powers and Functions Act (No. 12 of 2007)

Other National Treasury Circulars

- MFMA Circular No. 55
- MFMA Circular No. 71
- MFMA Circular No. 80
- MFMA Circular No. 82
- MFMA Circular No. 85
- MFMA Circular No. 86
- MFMA Circular No. 91
- Budget Formats Guidelines

KZN Provincial Circular

- Provincial Treasury Circular No. PT/MF 08 of 2017/18 dated 26 February 2018.

5. ADOPTED MEDIUM TERM BUDGET 2018/19 TO 2018/19

INTRODUCTION

The purpose of the 2018/19 medium-term budget is to comply with the Municipal Finance Management Act (No.56 of 2003) and is a financial plan to enable the municipality to achieve its vision and mission through the IDP which informs the Nkandla Municipality's five-year programme and community/stakeholder inputs.

The MFMA Circular No.91 states that *to facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:*

- o *Section 22(b)(i) of the MFMA, requires that immediately after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is Tuesday , 03 April 2018. The deadline for submission of hard copies including council resolution is Friday, 06 April 2018.*

The 2018/19 Draft budget is a statement of commitment by Nkandla Municipality, proposing a total budget of R199.6 million, comprising R63.8 million for capital and R135.8 million operating budget.

The budget has been prepared in terms of the Municipal Budget and Reporting Regulations (MBRR). The tabling of budget is as a journey towards consultation processes with communities throughout the municipal area and all other relevant stakeholders as per budget process plan adopted by council. Comments and inputs from various stakeholders has been considered during the consultation process after which the budget is presented by His Worship, Mayor Cllr AT Ntuli before the municipal council.

OPERATING BUDGET

Tariff of Charges

The following are proposed tariff increases and other allocations as indicated below:

Assessment Rates	6%
Electricity	7.32%
Refuse Removal	6%

Revenue from property rates is proposed to increase by only 6% from the 2017/18 adjusted budget of R18.3 million. The rates revenue is projected at R20.8 million in the 2018/19 financial year.

Category of Property (Description)	Randage	Amount
Agriculture (AGR)	0.0054	R 302
Business and commercial properties (BUS)	0.0323	R 3 441 081
Place of Worship (WOR)	0.0000 (100% exempted)	R 0
Protected Areas Property (PRO)	0.0000 (100 % exempted)	R 0
Public Benefit Organisation Property (PBO)	0.0000	R 0
Public Service Infrastructure (PSI)	0.0000	R 0
Residential Property (RES)	0.0215	R 345 140
Specialized Property	0.0000	R 0
State Owned Property (STA)	0.0323 (Phase in exemption applies)	R 16 648 098
State Trust Land (STL)	0.0054	R 0
Vacant Land (VAC)	0.0323	R 382 416
Multiple Use Property (MUP)	Dominant use ratio will apply	R 0

Total grant allocations to fund operating budget are expected to be R96.3 million, being the equitable share, the Finance Management Grant (FMG) and various provincial allocations.

The equitable share allocation to be received from National Government has increased by R4.4 million from R82.4 million to R86.8 million.

The total budgeted revenue for the 2018/19 financial year is estimated at R137.2 million.

ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The Nkandla Municipality's IDP and medium-term budget aligns with national and provincial initiatives to ensure optimal impact from combined effort of government. The Municipality is confident that this budget is structured to give effect to the strategic priorities and support long-term sustained growth and development in line with National and Provincial objectives.

The following priorities are part of National Government's framework to enhance the social, cultural and economic welfare of all South Africans.

- Expanding investment in the built environment and increasing access to basic services
- Enhancing skills and quality of education
- Reducing levels of crime and enhancing citizen safety
- Improving the provision of healthcare and broadening programmes
- Sustaining employment growth through increased public investment spending

The 2018/19 medium term budget seeks to address a number of these priorities by, amongst others, wider provision of municipal services, free basic services for indigents, initiatives to encourage capital spending to provide a vast public infrastructure.

6. BUDGET TABLES AND RELATED CHARTS

KZN286 Nkandla - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	11 125	12 818	18 835	18 338	18 338	18 338	18 338	20 817	21 920	22 500
Service charges	8 549	7 964	9 329	17 667	15 667	15 667	15 667	15 726	16 279	16 920
Investment revenue	989	2 077	664	2 400	1 200	1 200	1 200	1 600	1 685	1 774
Transfers recognised - operational	70 651	86 872	85 422	88 846	88 846	88 846	88 846	96 395	102 725	109 770
Other own revenue	2 864	7 539	4 057	3 633	3 833	3 833	3 833	2 693	2 835	2 986
Total Revenue (excluding capital transfers and contributions)	94 178	117 270	118 306	130 884	127 884	127 884	127 884	137 231	145 444	153 950
Employee costs	31 018	37 335	40 337	41 841	41 841	41 841	41 841	42 463	44 799	47 263
Remuneration of councillors	7 488	7 896	8 045	9 071	9 621	9 621	9 621	10 199	10 811	11 459
Depreciation & asset impairment	6 992	9 066	11 831	6 500	9 000	9 000	9 000	10 000	12 500	13 500
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	10 999	9 655	12 721	18 963	18 963	18 963	18 963	20 500	20 939	22 049
Transfers and grants	-	-	-	819	819	819	819	900	930	970
Other expenditure	45 130	64 026	70 612	45 593	47 593	47 593	47 593	51 746	53 850	55 966
Total Expenditure	101 627	127 978	143 546	122 788	127 838	127 838	127 838	135 808	143 828	151 207
Surplus/(Deficit)	(7 448)	(10 708)	(25 240)	8 096	46	46	47	1 423	1 616	2 743
Transfers and subsidies - capital (monetary allocation)	-	-	-	23 170	23 170	23 170	23 170	63 770	48 434	43 911
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(7 448)	(10 708)	(25 240)	31 266	23 216	23 216	23 217	65 193	50 050	46 654
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(7 448)	(10 708)	(25 240)	31 266	23 216	23 216	23 217	65 193	50 050	46 654
Capital expenditure & funds sources										
Capital expenditure	39 721	68 795	41 705	33 713	27 713	27 713	-	63 770	48 434	43 911
Transfers recognised - capital	39 721	65 140	41 705	23 170	23 170	23 170	-	58 500	48 434	43 911
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	10 543	4 543	4 543	-	5 270	-	-
Total sources of capital funds	39 721	65 140	41 705	33 713	27 713	27 713	-	63 770	48 434	43 911
Financial position										
Total current assets	19 915	23 566	13 330	36 818	36 818	36 818	-	48 514	51 085	53 793
Total non current assets	274 039	329 125	350 754	359 369	359 369	359 369	-	402 354	423 679	446 134
Total current liabilities	24 895	36 747	29 926	28 774	28 774	28 774	-	27 871	29 349	30 904
Total non current liabilities	5 789	6 195	6 653	7 058	7 058	7 058	-	6 717	7 073	7 448
Community wealth/Equity	263 270	309 749	327 505	360 355	360 355	360 355	-	416 280	400 221	421 432
Cash flows										
Net cash from (used) operating	50 010	63 464	36 832	34 140	32 390	32 390	-	70 792	62 392	59 484
Net cash from (used) investing	(42 278)	(68 033)	(40 507)	(33 713)	(27 713)	(27 713)	-	(63 770)	(48 434)	(43 911)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	7 732	(4 569)	(3 675)	9 145	13 395	13 395	-	20 417	34 375	49 947
Cash backing/surplus reconciliation										
Cash and investments available	9 051	4 482	807	8 718	8 718	8 718	-	20 417	21 499	22 639
Application of cash and investments	15 884	29 696	18 819	4 387	4 089	4 089	-	7 036	7 259	7 203
Balance - surplus (shortfall)	(6 834)	(25 214)	(18 012)	4 331	4 629	4 629	-	13 381	14 241	15 436
Asset management										
Asset register summary (WDV)	279 059	328 614	345 553	359 369	357 369	357 369	-	63 770	48 434	43 911
Depreciation	(5 863)	(8 578)	(11 600)	6 500	9 000	9 000	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	4 963	4 963	4 963	-	-	-	-
Free services										
Cost of Free Basic Services provided	-	-	-	1 782	1 782	1 782	-	-	-	-
Revenue cost of free services provided	-	-	-	2 734	2 734	2 734	64	64	67	71
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

KZN286 Nkandla - Table A4 Budgeted Financial Performance (revenue and expenditure)

Zizwobhokano - Table 74: Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	11 125	12 818	18 835	18 338	18 338	18 338	18 338	20 817	21 920	22 500
Service charges - electricity revenue	2	7 775	7 340	8 595	16 318	14 318	14 318	14 318	14 987	15 500	16 100
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	773	624	734	1 349	1 349	1 349	1 349	739	779	820
Service charges - other											
Rental of facilities and equipment		750	599	678	720	720	720	720	906	954	1 005
Interest earned - external investments		989	2 077	664	2 400	1 200	1 200	1 200	1 600	1 685	1 774
Interest earned - outstanding debtors		1 549	1 718	1 896	1 950	2 150	2 150	2 150	1 300	1 369	1 441
Dividends received						-	-	-		-	-
Fines, penalties and forfeits						-	-	-	78	82	86
Licences and permits					331	331	331	331	4	4	4
Agency services											
Transfers and subsidies		70 651	86 872	85 422	88 846	88 846	88 846	88 846	96 395	102 725	109 770
Other revenue	2	565	4 853	620	632	632	632	632	405	426	449
Gains on disposal of PPE		-	368	863							
Total Revenue (excluding capital transfers and contributions)		94 178	117 270	118 306	130 884	127 884	127 884	127 884	137 231	145 444	153 950
Expenditure By Type											
Employee related costs	2	31 018	37 335	40 337	41 841	41 841	41 841	41 841	42 463	44 799	47 263
Remuneration of councillors		7 488	7 896	8 045	9 071	9 621	9 621	9 621	10 199	10 811	11 459
Debt impairment	3	(354)	5 580	4 238	1 500	3 500	3 500	3 500	4 500	4 739	4 990
Depreciation & asset impairment	2	6 992	9 066	11 831	6 500	9 000	9 000	9 000	10 000	12 500	13 500
Finance charges											
Bulk purchases	2	10 999	9 655	12 721	14 000	14 000	14 000	14 000	12 000	12 636	13 306
Other materials	8				4 963	4 963	4 963	4 963	8 500	8 303	8 743
Contracted services		5 165	6 390	8 486	22 479	22 479	22 479	22 479	23 046	24 183	24 727
Transfers and subsidies		-	-	-	819	819	819	819	900	930	970
Other expenditure	4, 5	39 882	52 056	57 888	21 614	21 614	21 614	21 614	24 199	24 928	26 250
Loss on disposal of PPE		437									
Total Expenditure		101 627	127 978	143 546	122 788	127 838	127 838	127 838	135 808	143 828	151 207
Surplus/(Deficit)		(7 448)	(10 708)	(25 240)	8 096	46	46	47	1 423	1 616	2 743
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					23 170	23 170	23 170	23 170	63 770	48 434	43 911
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(7 448)	(10 708)	(25 240)	31 266	23 216	23 216	23 217	65 193	50 050	46 654
Taxation											
Surplus/(Deficit) after taxation		(7 448)	(10 708)	(25 240)	31 266	23 216	23 216	23 217	65 193	50 050	46 654
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(7 448)	(10 708)	(25 240)	31 266	23 216	23 216	23 217	65 193	50 050	46 654
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(7 448)	(10 708)	(25 240)	31 266	23 216	23 216	23 217	65 193	50 050	46 654

Operating Revenue Framework

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R65 000 reduction on the market value of a property will be granted in terms of the Rates Policy and 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy.

Strategies put in place to improve credit control and revenue enhancement.

All property rates accountholders who owe more than R 10 000 are barred/restricted from purchasing electricity until a favourable arrangement has been entered into with Nkandla Local Municipality.

All businesses that are not honouring their monthly payments are given 7 days' notice to disconnect services. Services (electricity) are reconnected upon full payment of the outstanding amount.

All prepayment electricity meter accountholders who owe more than R 10 000 on Property Rates shall have their electricity cut off until a favourable arrangement has been entered into with the municipality as per Credit control and debt management policy. The vending machines have been programmed to deduct a certain percentage towards property rates account upon purchase of electricity tokens. The rationale behind this is to treat conventional and prepaid consumers equitably and fairly. Moreover, the municipality runs weekly audit on at least 10 customers whose name appears on the list that have not bought electricity for the past 60 days. They will be given 7 days notices and then have their electricity services disconnected.

Service charges - refuse

Service charges refuse revenue has been budgeted to decrease by R610 000 from R1.3 million in 2017/18 to R739 000 in 2018/19. This is reflective of the budgeted number of indigent households increase as well as the free basic service being extended to Service charges – refuse.

Interest earned on external investments

The municipality has budgeted R1.6 million for Interest earned on external investments in 2018/19 to be realized from call account deposits for conditional grants not yet utilized. This reflects an increase of R400 000 from R1.2 million in 2017/18 financial year. This is as a result of increased allocations for MIG and INEP grant which will be temporally be kept in call account whilst not yet utilised. These call accounts deposits are not reflected in Budget Table A6 due to the fact that deposits are fully utilized at the end of the financial year.

Interest earned on outstanding debtors

The municipality has budgeted R1.3 million for Interest earned on outstanding debtors in 2018/19 to be realized from customers not honoring their accounts in time. Through the implementation of

credit control and debt collection policy, the credit extended to debtors will decrease thereby decreasing overall amount of debtors and effectively interest on long outstanding debtors.

Fines, penalties and forfeits

The municipality has budgeted an amount of R78 000 for fines, penalties and forfeits. This amount will be mostly derived from traffic fines. This is a new source of income emanating from revenue enhancement strategy. There is Traffic Unit that is expected to be fully functional before the start of 2018/19 financial year.

Licenses and permits

License and permits revenue has been budgeted to decrease by R327 000 in 2018/19 from R331 000 in 2017/18 to R4 000 in 2018/19. The decrease is due to expected income from issuing of learners licences not realized as Department of Transport has not issued yet licence and therefore the revenue will be budgeted after the licence has been obtained. The only income that is currently expected is income from permits from taxi operators which is insignificant.

Other income

The budgeted *Other income* revenue has decreased by R227 000 in 2018/19 from R632 000 in 2017/18 to R405 000 in 2018/19. This has been done to correct the revenue items which were incorrectly budgeted under *Other income* in the 2017/18 financial year.

Operating Expenditure Framework

Employee related costs has increased by 7 percent pending negotiations at the South African Local Government Bargaining Council. The consumer price index for the next financial year is projected to be 5.3 percent.

The municipality has budgeted to increase the expenditure for the Employee related costs by R622 000 from R41.8 million in 2017/18 to R42.5 million in 2018/19. The municipality has budgeted for additional vacant position which were not budgeted for in 2017/18. Employee related costs and Councillors' remuneration as a percentage of total operating expenditure is 39 percent. The norm is 25 to 40 percent. The municipality is looking at its organogram to mitigate possible overstaffing and/or inefficiencies.

Expenditure of Councillors' Allowances is budgeted to increase from R9.6 million to R10.2 million in the 2018/19 financial year. The provision for the councillors' remuneration has been budgeted for from the basis of the published government notice number R41335 dated 15 December 2017.

Debt impairment has been budgeted at R4.5 million in 2018/19. This reflects an increase in debt impairment of R1 million from R3.5 million in 2017/18 to R4.5 million in 2018/19. The debt impairment budget was understated in 2017/18 which resulted in a huge difference between budget and actual. The municipality then re-performed assessment of its debtors and this resulted in increased debt impairment. This budget therefore reflects such increase accordingly. *Debt impairment* as a percentage of billable revenue amounts to 12.3 percent in 2018/19.

Depreciation has been budgeted to increase by R1 million from R9 million in 2017/18 to R10 million in 2018/19 which is based on the asset register and the anticipated new capital acquisitions.

Bulk purchases have been budgeted to decrease by R2 million from R14 million in 2017/18 to R12 million in 2018/19. Eskom has been charging the municipality electricity usage at an incorrect tariff which is high. The engagement between Eskom and Municipality resulted in a lower tariff. The decrease in budget is therefore reflective of such tariff.

The budgeted **Contracted services** expenditure has increased by R567 000 from R22.5 million in 2017/18 to R23 million in 2018/19. In the main the increase can be attributed to the Implementation of mSCOA and ICT upgrade.

Other expenditure has been budgeted to increase by R2.6 million from R21.6 million in 2017/18 to R24 million in 2018/19. The increase is due to inflation rate and new “other” line items e.g. UIF and SDL now reflected as other expenditure due to MSCOA implementation which was previously recognised under employee related costs.

Table A5 Budgeted Capital Expenditure by vote, standard classification and funding sources.

KZN286 Nkandla - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	41,705	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		1,435	42	-	-	-	-	-	1,630	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	783	-	-	-	-	-	2,500	-	-
Vote 6 - TECHNICAL SERVICES		38,286	67,970	-	28,289	28,289	28,289	28,289	59,640	48,434	43,911
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	39,721	68,795	41,705	28,289	28,289	28,289	28,289	63,770	48,434	43,911
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	326	326	326	326	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	2,279	2,279	2,279	2,279	-	-	-
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	2,605	2,605	2,605	2,605	-	-	-
Total Capital Expenditure - Vote		39,721	68,795	41,705	30,893	30,893	30,893	30,893	63,770	48,434	43,911
Capital Expenditure - Functional											
<i>Governance and administration</i>		1,435	42	41,705	3,326	326	326	326	1,630	-	-
Executive and council		-	-	41,705	-	-	-	-	-	-	-
Finance and administration		1,435	42	-	3,326	326	-	326	1,630	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	783	-	2,279	2,279	2,279	2,279	12,000	-	-
Community and social services		-	783	-	2,279	2,279	2,279	2,279	2,500	-	-
Sport and recreation		-	-	-	-	-	-	-	9,500	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		38,286	67,970	-	24,949	23,949	23,949	23,949	31,350	22,834	23,911
Planning and development		38,286	67,970	-	1,779	779	779	779	100	-	-
Road transport		-	-	-	23,170	23,170	23,170	23,170	31,250	22,834	23,911
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	3,160	1,160	1,160	1,160	18,790	25,600	20,000
Energy sources		-	-	-	2,660	660	660	660	18,000	25,600	20,000
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	500	500	500	500	790	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	39,721	68,795	41,705	33,713	27,713	27,713	27,713	63,770	48,434	43,911
Funded by:											
National Government		39,721	65,140	41,705	23,170	23,170	23,170	23,170	58,500	48,434	43,911
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	39,721	65,140	41,705	23,170	23,170	23,170	23,170	58,500	48,434	43,911
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	10,543	4,543	4,543	4,543	5,270	-	-
Total Capital Funding	7	39,721	65,140	41,705	33,713	27,713	27,713	27,713	63,770	48,434	43,911

The municipality has budgeted R31 million for road and infrastructure, R18 million for electrical infrastructure and R9.5 million for sport facilities in 2018/19. The total capital budget is R63.8 million.

The municipality has considered the multi-year appropriations during the 2018/19 budget process which aims to:

- Lock the council into funding the full cost of large capital projects so as to ensure their full completion;
- Facilitate the forward planning of capital projects and programmes;
- Enable the municipality to initiate procurement processes for capital projects in the two outer years of the MTREF and also ensure improved levels of capital spending; and
- Enable funding for such capital projects to be brought forward in terms of Section 31 of the MFMA to facilitate more rapid project implementation.

This is reflected in the Capital Investment Plan of the municipality.

Repairs and Maintenance

The Repairs and Maintenance has been budgeted to increase by R1.5 million from R5 million in 2017/18 to R6.5 million in 2018/19. Repairs and maintenance budget represents 2 percent of the Property, Plant and Equipment (PPE) value of R344.5 million reflected in the audited 2016/17 AFS, which is below the National Treasury guideline of 8 percent as stipulated in MFMA Circular No. 55. The small percentage of Repairs and maintenance in relation to PPE amongst other factors is contributed to the following:

- The PPE of the municipality is R344.5 million as per 2016/17 Audited AFS and substantial portion of this amount is municipal vacant land which is valued at R101.8 million. And there is no repairs and maintenance towards the vacant land.
- The municipality has budgeted R4.4 million in 2016/17 and the actual amount spent was R4.4 million which indicates that the Municipality spends at appropriate or required levels on its repairs to existing assets.
- The required norm of 8% which equates to approximately R27.6 million is not realistic to the municipality at this stage.

The municipality appreciates the fact that asset management is a strategic imperative that needs to be prioritised as a spending objective in the municipal budget.

KZN286 Nkandla - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		9,051	4,482	807	8,718	8,718	8,718	8,718	20,417	21,499	22,639
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	9,381	3,432	9,198	19,200	19,200	19,200	–	19,397	20,425	21,508
Other debtors		1,483	5,986	3,325	8,900	8,900	8,900	8,900	8,700	9,161	9,647
Current portion of long-term receivables			9,666								
Inventory	2										
Total current assets		19,915	23,566	13,330	36,818	36,818	36,818	17,618	48,514	51,085	53,793
Non current assets											
Long-term receivables											
Investments											
Investment property		5,664	5,433	5,201	6,105	6,105	6,105	6,105	5,201	5,477	5,767
Investment in Associate											
Property , plant and equipment	3	267,455	323,140	344,498	351,285	351,285	351,285	–	395,268	416,217	438,277
Agricultural											
Biological											
Intangible		921	553	1,055	1,979	1,979	1,979	1,979	1,885	1,985	2,090
Other non-current assets											
Total non current assets		274,039	329,125	350,754	359,369	359,369	359,369	8,084	402,354	423,679	446,134
TOTAL ASSETS		293,954	352,691	364,084	396,187	396,187	396,187	25,702	450,868	474,764	499,927
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	24,895	36,717	29,862	27,068	27,068	27,068	–	27,871	29,349	30,904
Provisions			31	64	1,706	1,706	1,706	1,706			
Total current liabilities		24,895	36,747	29,926	28,774	28,774	28,774	1,706	27,871	29,349	30,904
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		5,789	6,195	6,653	7,058	7,058	7,058	–	6,717	7,073	7,448
Total non current liabilities		5,789	6,195	6,653	7,058	7,058	7,058	–	6,717	7,073	7,448
TOTAL LIABILITIES		30,684	42,942	36,579	35,832	35,832	35,832	1,706	34,589	36,422	38,352
NET ASSETS	5	263,270	309,749	327,505	360,355	360,355	360,355	23,996	416,280	438,342	461,575
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		263,270	309,749	327,505	360,355	360,355	360,355	23,996	416,280	438,342	461,575
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	263,270	309,749	327,505	360,355	360,355	360,355	23,996	416,280	438,342	461,575

PART 2 – SUPPORTING DOCUMENTATION

7. OVERVIEW OF BUDGET PROCESS

Political Oversight of Budget Process

The concept of political oversight over the budget process is an important one and it is the key to ensuring that strategy informs budget.

The political oversight role of the Mayor is contained in Section 53 (1)(a) and (b) of the Municipal Finance Management Act (MFMA). It requires that the Mayor must provide political guidance over the budget process and the priorities that guide the preparation of the budget. It further requires that the Mayor co-ordinates the revision of the IDP and the preparation of the annual budget and to determine how the IDP is to be taken into account for the purpose of the budget.

The demands on the Municipality to address service delivery backlogs and to improve service delivery to all of its citizens, within current financial resources, are challenging. Political oversight of the budget process is therefore essential to ensure that the priorities of the municipality are addressed through budget allocations.

Schedule of Key Deadlines Relating of Budget Process

One of the objectives of the budget timetable is to ensure the development of IDP and the budget and also to ensure that a funded budget is tabled for consideration and approval. The timetable schedule for the compilation of the 2018/19 budget cycle was approved by Council during August 2016 in compliance with the MFMA.

Process for Consultations with Stakeholder Groups and Outcomes [MFMA 21(1)(b)]

Section 22 of the MFMA requires that after tabling of the annual budget in Council, the municipality must make public the budget and also invite the local communities to submit representations thereon. Accordingly the tabling of the budget in the Council on 28 March 2017 was followed by the following activities:

- The summarised budget and consultation meetings in News Letter
- The budget was submitted to Provincial and National Treasuries as well as Department of Provincial CoGTA and King Cetshwayo District Municipality.
- The budget was presented to the IDP Representative Forum
- The budget was presented to the Ward Committees
- Public meetings were held in various wards
- The budget was presented to the Business Community
- The budgeted document was distributed to libraries and other municipal offices to allow the wide invitation of comments and representations to the budget.

The public budget road show meetings will take place during April and May 2018. The schedule of budget road shows was publicised in the local newspaper, website, and libraries as well as in the municipal notice boards.

8. OVERVIEW ALIGNEMENT OF IDP AND BUDGET WITH, MONITORING AND IMPLEMENTATION THROUGH SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS

PURPOSE

This document presents an Integrated Development Plan (IDP) for Nkandla Local Municipality. The IDP is prepared in compliance with the requirements of Chapter 5, particularly Section 25 of Local Government Municipal Systems Act (32 of 2000), which obliges a municipal council to adopt a single, all-inclusive and strategic plan for the development of the municipality, within a prescribed period after the start of its elected term. It outlines a development agenda for the municipality for the next five years.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Nkandla, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that Nkandla strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Nkandla's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The municipal development objectives are mainly orientated and aligned to National Key Performance Areas which are the following:-

- o Institutional development and transformation
- o Basic Service Delivery
- o Good Governance and Public Participation
- o Local Economic Development
- o Financial Viability

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- o Provision of quality basic services and infrastructure which includes, amongst others:
- o Provide electricity;
- o Provide waste removal;
- o Provide roads and storm water;
- o Provide city planning services; and
- o Maintaining the infrastructure of Nkandla.

Economic growth and development that leads to sustainable job creation by:

- o Ensuring there is a clear structural plan for Nkandla;
- o Ensuring planning processes function in accordance with set timeframes;
- o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- o Effective implementation of the Indigent Policy;
- o Working with the provincial department of health to provide primary health care services;
- o Extending waste removal services and ensuring effective city cleansing;
- o Ensuring all waste water treatment works are operating optimally;
- o Working with strategic partners such as SAPS to address crime;
- o Ensuring safe working environments by effective enforcement of building and health regulations;
- o Promote viable, sustainable communities through proper zoning; and
- o Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- o Optimising effective community participation in the ward committee system; and
- o Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- o Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- o Reviewing the use of contracted services
- o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- o Review of the organizational structure to optimize the use of personnel;
- o In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Nkandla. The five-year programme responds to the development challenges and opportunities faced by the Nkandla by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN.

The Nkandla's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

- o Registration of community needs;
- o Compilation of departmental business plans including key performance indicators and targets;
- o Financial planning and budgeting process;
- o Public participation process;
- o Compilation of the SDBIP, and
- o The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget

Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure

COMMUNITY CONSULTATION

The 2018/19 MTREF is published on the municipality's website, and hard copies is made available at customer care offices, municipal notice boards and various libraries for consultation.

All documents in the appropriate format (electronic and printed) are provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

9. MEASURABLE PERFORMANCE OBJECTIVES

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Nkandla municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The performance of Nkandla municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The town therefore has adopted one integrated performance management system which encompasses:

- o Planning (setting goals, objectives, targets and benchmarks);
- o Monitoring (regular monitoring and checking on the progress against plan);
- o Measurement (indicators of success);
- o Review (identifying areas requiring change and improvement);
- o Reporting (what information, to whom, from whom, how often and for what purpose); and
- o Improvement (making changes where necessary).

Free and Subsidised Basic Services

Municipalities play central role in supporting economic development and alleviating poverty. The provision of basic services is a critical input to social well-being and economic activity. Nkandla Municipality comprises of rural areas as well as wide spread of income groups. Due to variation in living environment, the municipal area has a number of households who currently do not have access to all services.

The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing a social welfare to those residents who cannot afford to pay, because of adverse social and economic realities. The social package will also assist the Municipality in meeting its constitutional obligations.

The estimated cost of social package (income foregone through indigents) amounts to R2 million for the 2018/19 budget year. Details of initiatives carried out by Nkandla Council in this regard are detailed below:

Service	Social Package
Assessment Rates	All residential property owners are exempt from paying rates on the first R15 000 of the property value. All rates levied on properties of which the municipal value is less than R80 000. Indigent residents will receive 100 percent rebates on rates.
Electricity	The first 50kwh of electricity is free to all residents qualified as indigents in terms of the policy
Refuse	Refuse is free to all residents qualified as indigents in terms of the policy. Refuse removal services to a maximum of one removal per household per week.

Other Projects funded by the municipality

Project	Budgeted Amount (R)
Local Economic Development	3 150 000
Youth Development Program	450 000
Early Childhood Development	525 000
Sports & Recreation	1 350 000
HIV/AIDS/OSS	300 000
Disaster Management	800 000
Disability	200 000
Communication & Publications	2 600 000
Gender Empowerment & Development	200 000
Mayoral Cup	600000
Total	10 175 000

The above-mentioned municipal projects have been set out in terms of section 156(1)(a) and (5) of the Constitution of the Republic of South Africa, 1996.

Although the municipality agree that some of the above mentioned projects are no-priority or core functions of the municipality, however the municipality has not received any assistance from either district municipality, provincial departments or any other organ of states in term of the Inter-Governmental Relations.

10. OVERVIEW OF BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

The Municipality's budget is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide the budget process and inform the projections of the medium-term budget.

The following budget related policies, which have been approved by Council or currently under review, are currently in force to ensure an informed smooth budgetary process and financial management of the Municipality in line with the Municipal Finance Management Act, other relevant legislation and Accounting Standards.

Tariff Policy

The current Tariff Policy, which the municipality adopted in terms of section 74 of the Local Government Municipal Systems Act, is currently being reviewed. The policy was submitted to the management for discussion and was submitted to the Executive Committee and Council for approval.

Assessment Rates Policy

Section 3(1) of the Local Government Municipal Rates Act, 6 of 2004, and sections 62(1) of the MFMA determines that a municipality must adopt and implement a rates policy on the levying of rates on rateable properties.

Credit Control, Debt Collection and Customer Care Policy

The Budget and Treasury Office has identified revenue enhancement strategies which were reviewed with the Credit Control, Debt Collection and Customer Care Policy.

Supply Chain Management Policy

The municipality has a Supply Chain Management Policy was adopted by Council and is reviewed every year.

Cash Management and Investment Policy

This policy is due for review to cater for changes envisage in the organisation.

Asset Management Policy

The Budget and Treasury Office is currently busy with the compilation of asset register in terms of GRAP accounting standards, which might result in the Asset Management Policy being reviewed.

Subsistence and Travelling Policy

The implementation of the subsistence and travelling policy has a budgetary implication in appropriation of funds for travelling, accommodation and meals for Municipal Officials and Councillors embarking on business related trips.

Other budget-related policies that have been submitted to Council for approval are the following:

- o Tariff Policy
- o Debt Write-off Policy
- o Indigent Policy
- o Virement Policy
- o Funding and Reserve Policy
- o Petty Cash Policy

11. OVERVIEW OF BUDGET ASSUMPTIONS

General Inflation Outlooks and its Impact

Nkandla Municipality, like and any other municipality, is still subjected to the impact from the global crisis as well as related ripple effects from national economy. The recent hikes in, to mention a few, electricity bulk purchases, fuel, interest rates and inability to feel critical positions in critical industries could not be interpreted in isolation of Nkandla Municipality and did therefore impact negatively on the 2016/17 budget and it will still have a huge effect on the 2018/19 medium term budget.

Budget Guidelines

All other tariffs, except for electricity, will be increased by only 5.3 percent in order to absorb the shortfall on the increase in the electricity purchases.

12. OVERVIEW OF FUNDING THE BUDGET

(Including fiscal overview and sources of funding)

Funding of the 2018/19 Medium-Term Budget

The operating budget of Nkandla Municipality for the 2018/19 financial year is funded from rates, tariffs, sundry charges and grants and subsidies.

Increases in the individual tariffs applicable to the above services are detailed in the tariff of schedule attached hereto, together with other proposed sundry tariffs.

The following issues were the challenges in the appropriation of funds when preparing the 2018/19 budget:

- Initiatives to improve the current collection rate
- Requirement with regard to upgrading and maintenance of existing roads and other IT infrastructure.
- Departmental requirements regarding the filling of critical and vacant positions not previously budgeted for.

Funding of 2018/19 Medium-Term Capital Budget

In line with section 18 of the MFMA, the capital budget has been funded from the following funding sources:

Funding Sources

The total capital budget for the 2018/19 financial year amounts to **R63.8 million**, which will be funded as follows:

Capital Funding	Amount (R)
Municipal Infrastructure Grant (MIG)	31 000 000
Intergrated National Electrification Programe	18 000 000
Ring-fenced MIG	9 500 000
Total	59 445 000

National and Provincial Government Transfers

The National and Provincial grants allocation will be used to fund larger portions of the operating expenditure as well as the capital expenditure. These have been gazetted in terms of the 2017 Division of Revenue Act.

13. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Grants and subsidies from National and Provincial governments, as reported in the 2017 Division of Revenue Act and reflected in SA 19, have been included the 2018/19 budget and each allocation will utilised for the purpose as described below.

National Grant Allocations

Equitable Share

The equitable share is an unconditional grant and as such can be regarded as general revenue, however, it is a matter of co-operative governance that municipalities should prioritise its expenditure budget towards poor households and national priorities like free basic services.

Municipal Infrastructural Grant (MIG)

The Municipal Infrastructural Grant is a conditional grant which gives effect to national objectives to:

- Expand the delivery of basic services to all households, including the delivery of free basic services to poor households and other poverty alleviating objectives.
- Stimulate local economic development and job creation over the medium term.

The MIG funding will be utilised as follows:-

CAPITAL PROJECTS		
No.	Project Name	Amount (R)
1	Mandathane Gravel Road	2 636 364.00
2	Mtshwili Community Hall	2 636 364.00
3	Nhloshane CSC	3 136 363.00
4	Amandoni Community Hall	2 636 364.00
5	Chwezi CSC	2 636 364.00
6	Mathiya Community Hall	2 636 364.00
7	Nqundu Community Hall	2 636 364.00
8	Zungeni Community Hall	2 636 364.00
9	Ngomankulu Community Hall	3 136 363.00
10	Khabela CSC	3 136 363.00
11	Mabhuqwini Community Hall	3 136 363.00
		R31 000 000.00

Finance Management Grant

The Finance Management Grant is a capacity building grant provided by National Treasury to assist municipalities in building management planning, technical and financial management skills and capacity for effective service delivery.

It will be utilised for the upgrading of skills and capacity of Nkandla finance officials for workshops and training programmes, funding financial programmes such as mSCOA with a view to capacitate financial systems, as well as for the remuneration of the interns currently employed by the municipality and cover costs of their training and its facilities. There are currently five interns employed as per National Treasury guide.

Table SA 18 - Transfers and grant receipts

KZN286 Nkandla - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		69,272	85,067	83,143	87,545	87,545	87,545	91,479	97,486	103,686
Local Government Equitable Share		65,897	82,242	79,169	82,435	82,435	82,435	86,797	94,619	100,819
Finance Management		1,713	1,800	1,825	1,900	1,900	1,900	1,970	2,867	2,867
EPWP Incentive		1,663	1,025	2,149	3,210	3,210	3,210	2,712	-	-
Other transfers/grants [insert description]										
Provincial Government:		249	553	1,064	1,301	1,301	1,301	4,916	5,239	6,084
Provincialisation of libraries		249	553	1,064	583	583	583	838	880	924
Community library Service		-	-	-	718	718	718	3,803	4,070	4,355
Nkungmathe Lodge								275	289	305
Spatial Development Framework Support								-	-	500
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	69,521	85,620	84,207	88,846	88,846	88,846	96,395	102,725	109,770
Capital Transfers and Grants										
National Government:		35,852	57,188	39,795	23,170	23,170	23,170	59,445	48,434	43,911
Municipal Infrastructure Grant (MIG)		31,852	22,188	21,795	23,170	23,170	23,170	31,945	22,834	23,911
Integrated National Electrification Programme		4,000	35,000	18,000	-	-	-	18,000	25,600	20,000
Ring-fenced Municipal Infrastructure Grant		-	-	-	-	-	-	9,500	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	35,852	57,188	39,795	23,170	23,170	23,170	59,445	48,434	43,911
TOTAL RECEIPTS OF TRANSFERS & GRANTS		105,373	142,808	124,002	112,016	112,016	112,016	155,840	151,159	153,681

14. ALLOCATIONS AND GRANTS MADE BY NKANDLA MUNICIPALITY

None. Please refer to SA 21 of Schedule A.

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15. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

16. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOWS (Table 15a)

Please refer to SA25 to SA30 of Schedule A

17. ANNUAL BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN – INTERNAL DEPARTMENTS

The annual budget is as per attached Scheduled A, which is Annexure A and the SDBIP will be submitted separately.

18. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Please refer to SA35 of Schedule A

It is envisaged at this stage that no contract will have budgetary implications beyond a period of three years in the 2018/19 medium-term budget.

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19. CAPITAL EXPENDITURE DETAILS

Please refer to SA36 of Schedule A

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20. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **LS Jili**, Municipal Manager of **Nkandla Municipality**, hereby certify that the annual budget and supporting documentation of the 2018/19 Operating and Capital Budget have been prepared in accordance with the Municipal Finance Management Act, 56 of 2003, and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name : Mr Langelihle Jili

Municipal Manager of : NKANDLA MUNICIPALITY

Signature :

Date :

ANNEXURE B – TARIFFS OF CHARGES

NKANDLA LOCAL MUNICIPALITY - KZ286 PROPOSED TARRIFS - 2018/19		
	Approved 2016/17 6.40% R	2018/19 Proposed 6.40% R
A. TOWN PLANNING		
1.1 Consideration for approval of subdivisions/consolidations		
1.1.1 Basic fee	1 118.00	1 189.55
1.1.2 Additional fee, per subdivision (Remainder to be considered a subdivision)	140.00	148.96
1.1.3 Amendment of subdivision in process	280.00	297.92
1.1.4 Application for registration of right of way servitudes/long term leases- Administration fee (note – this excludes legal fees)	279.00	296.86
1.1.5 Application for phasing/cancellation of approved layout plans – Administration fee	1 956.00	2 081.18
		-
2. Application for relaxation of building line and / or side and rear spaces in terms of Town Planning clauses (per application)		-
3. Rezoning application	838.00	891.63
3.1 Rezoning of unused public open spaces in line with Councils policy (Note - advertisement, Closure and subdivision/consolidation fees would still apply)	Nil	Nil
3.2 Other rezoning:	-	-
a) Less than 1ha	3 352.00	3 566.53
b) 1 ha and over but less than 5 ha	3 911.00	4 161.30
c) 5 ha and over but less than 10 ha	5 028.00	5 349.79
d) 10 ha and over	6 704.00	7 133.06
4. Zoning certificates	56.00	59.58
5. Special consent		-
5.1 Consent to operate home industry without additional employment opportunities (Category A)	1 118.00	1 189.55
5.2 all other consent use applications (Category B)	2 235.00	2 378.04
6. Removal of Restrictive Conditions of Title	1 676.00	1 783.26
7. Closure of Public Streets/ Open Spaces – Admin fee	409.00	435.18
8. Administration of DFA Applications	-	-
1) Less than 1 ha	-	-
2) 1 ha and over but less than 5 ha	-	-
3) 5 ha and over but less than 10 ha	-	-
4) 10 ha and over	-	-
9. Administration of Development Applications in Terms of SPLUMA		-
1) Less than 5 ha	4 469.00	4 755.02
2) 5 ha and over but less than 10 ha	6 145.00	6 538.28
3) 10 ha and over	8 938.00	9 510.03

10. Public Notice		-
10.1 Notices in the legal section	2 793.00	2 971.75
10.2 Notices in the body of the paper	6 481.00	6 895.78
11. Hearings	Cost plus 10%	Cost plus 10%
12. Fines – as per Section 75 and 89 of the Planning and Development Act		
12.1 Fines as per Section 75	as per Court Order	as per Court Order
12.2 Additional penalties in accordance with Section 76	as per Court Order	as per Court Order
12.3 Section 89 Civil Penalty	10-100% of value of illegal building or construction	10-100% of value of illegal building or construction
B. CHARGES FOR THE SUBMISSION OF PLANS FOR NEW BUILDINGS OR ALTERATIONS OR EXTENSIONS TO EXISTING COMPLETED BUILDING		
1. New works		
For each new building or additions to existing buildings per square metre:		
a. for the first 20m ²	256.00	272.38
b. Each additional 10m ² or part thereof up to 5 000m ²	91.00	96.82
c. Each additional 10m ² or part thereof more Than 5 000m ² and up to 15 000m ²	70.00	74.48
d. Each additional 10m ² or part thereof more Than 15 000m ²	59.00	62.78
e. for swimming pools	381.00	405.38
f. for boundary walls	381.00	405.38
g. For any other plan submitted other than Described above, a fixed tariff of	587.00	624.57
h. for a permit for minor structures in terms of Act 103 of 1977, a fixed tariff of	571.00	607.54
2. As built or amended plans		
For as built plans, 25% of existing submission fee, plus Full tariff for additional new works	25% of existing	25% of existing
3. Internal alterations to existing buildings		
Any form of internal alterations to existing buildings of any nature not defined as “as built” or amended plans” (i.e. plans passed occupation requirements		
a. Fixed tariff: Structures up to 500m ²	381.00	405.38
b. Structures up to 5000m ²	762.00	810.77
c. Structures exceeding 5000m ²	1 392.00	1 481.09
4. For the renewal of plans which have expired	50% of existing submission fee	50% of existing submission fee
5. Reproduction of building plans on paper		
a. A0	48.00	51.07
b. A1	38.00	40.43
c. A2	32.00	34.05
d. A3	27.00	28.73
e. A4	16.00	17.02
6. Reproduction of building plans on Plastic Film		
a. A0	134.00	142.58

b. A1	107.00	113.85
c. A2	91.00	96.82
d. A3	64.00	68.10
e. A4	48.00	51.07
7. Minor works in terms of the National Building Regulations or other work not listed above	84.00	89.38
8. Amendments to plans	84.00	89.38
9. Non – compliance with Building Inspectors Instructions	316.00	336.22
10. Additional on site inspections – per visit Of Municipality)	84.00	89.38
11. Verge Deposit (refundable at discretion of Municipality)	363.00	386.23
12. Signs - Post type signs, i.e. the type of sign designed to take inter-changeable posters: Charge for inspection plans	102.00	108.53
C. BUS AND TAXI RANKS		
1. Fee for the issue or renewal of a permit to use a public vehicle stand:		
a) Public buses, per annum for each bus	219.00	233.02
b) Per annum for each bus in excess of two in the same ownership	192.00	204.29
c)Taxis, per annum	211.00	224.50
d) Agents for the privilege of operating from the Bus Rank, per vehicle per annum or part thereof	187.00	198.97
D. CEMETERY		
1. Burial fees:		
a) Where the deceased immediately before His death was resident in the Council's area Of jurisdiction or alternatively reserved a site	594.00	594.00
b) Where the deceased was not a resident As in (a)	629.00	629.00
2. Reservation fees - A non-refundable amount shall be payable for each plot reserved for residents	595.00	595.00
3. Children (0-12 years)	361.00	361.00
4. Pauper Burial	FREE	FREE
E. EXECUTION OF WORK		
For the execution of the following services for the purposes envisaged in sections 219 and 220 of the Local Authorities Ordinance, No.25 of 1974, the following charges shall be levied and paid, provided that prior to these services being undertaken, arrangements to the satisfaction of the Municipal Manager shall be made for the payment of the amount involved, except where it is specifically stated that the fees shall be paid in advance:		
1. Hardening of footpaths, including the reinstatement of existing footpaths:	Cost plus 20%	Cost plus 20%
2. Special drainage connecting storm water drains and channels from private property to open channels and adjoining kerb (connections up to and including 150mm diameter Pipes) across footpaths:	Cost plus 20%	Cost plus 20%
3. Reinstatement of road surfaces:	Cost plus 20%	Cost plus 20%
4. Altering of storm water culverts channels, sewers, Kerbs or footpaths to permit the erection of veranda Columns or other structures:	Cost plus 20%	Cost plus 20%
5. Erection of street gutter bridges or kerb entrances across street drains:		

a. When constructed simultaneously with the laying of any street	No charge	No charge
b. When constructed after the street has been completed:	Cost plus 20%	Cost plus 20%
6. Jobbing, etc. In respect of any materials or repairs, construction or any other work, there shall be payable the actual cost to the Council plus	Cost plus 20%	Cost plus 20%
F. MISCELLANEOUS		
1. Valuations		
1.1. Notice of appeal in terms of section 53 of the Property Rates Act, No. 6 of 2004.	155.00	164.92
1.2. Valuation roll, per copy	155.00	164.92
1.3. Valuation certificate for issue reflecting the rateable value of property appearing in the valuation roll	171.00	181.94
2. Any certificate in terms of section 118 of the Municipal Systems Act.	171.00	181.94
3. Application fees and deposits for a licence/permit for outdoor advertising		
3.1. Billboards (as per the size)	670.00	712.88
4. Rates Clearance Certificate	84.00	89.38
5. Audit Report		
5.1 Final accounts and audit report, per folio	762.00	810.77
6. Vehicles & Cattles		
6.1 Impoundment fee is charged at a rate per vehicle, per day excluding security	405.00	430.92
6.2 Impoundment fee is charged at a rate per cattle, per day excluding security	54.00	57.46
7. Tender Documents: per document	594.00	632.02
8. Printing of Maps & GIS - Black & White A4		
A4	4.00	4.26
A3	7.00	7.45
A2	15.00	15.96
A1	24.00	25.54
A0	41.00	43.62
9. Printing of Maps & GIS - Colour		
A4	7.00	7.45
A3	11.00	11.70
A2	19.00	20.22
A1	28.00	29.79
A0	44.00	46.82
8. Informal Traders per month	27.00	28.73
9. Wood Sales (Permit is valid for 1 day only)	100.00	106.40
10. Business Trading Licence	320.00	340.48
G. REFUSE REMOVAL		
1) Place of worship	52.00	55.33
2) Agricultural	52.00	55.33
3) Residential	52.00	55.33
4) Businesses	358.00	380.91

5)Government Site	358.00	380.91
6) Bulk Refuse Removal	2 967.00	3 156.89
H. GARDEN REFUSE		
a. By tractor and small trailer, per load	339.00	360.70
b. By tractor and large trailer, per load	476.00	506.46
c. Clearing lots: Cost plus	427.00	454.33
d. Clearing of Building rubble, per load	544.00	578.82
I. ELECTRICITY		
1. Electricity Connection Fees		
a) House with a market value of R85 000 or less as per Valuation Roll (20Amps)	2 757.00	2 933.45
b) House with a market value of R85001 or more as per Valuation Roll (60Amps)	4 917.00	5 231.69
c) Businesses within Nkandla Municipality (80Amps)	7 077.00	7 529.93
2. Meter Upgrade		
a) From 20Amps to 60 Amps	2 160.00	2 298.24
b) From 60 Amps to 80 Amps	2 160.00	2 298.24
c) From 20Amps to 80 Amps	4 320.00	4 596.48
3. Second single phase prepayment connection on the same or subdivided premises		
(This includes meter box and installation and labour costs)		
a) Second single phase pre-payment connection on the same/subdivided premises - 20 Amps	8 934.00	8 934.00
b) Second single phase pre-payment connection on the same/subdivided premises - 60 Amps		5 222.00
4. Single phase meter conversion from conventional to pre-payment (Domestic and Small Business)		
a) Pre-payment meter - 20 Amps	1 621.00	2 928.00
b) Prepayment meter - 60 Amps		5 222.00
5. Three phase meter conversion from conventional to three phase pre-payment (Domestic and Small Business) - 80 Amps	2 711.00	7 516.00
6. Single phase conventional connection - >=60 Amps	1 514.00	5 222.00
7. Single phase meter conversion from conventional to three phase conventional (Domestic and Small Business)	9 399.00	10 000.54
8. Single phase meter conversion from conventional to three phase pre-payment meter (Domestic and Small Business)	10 331.00	10 992.18
9. Domestic conversion from single to three phases Maximum demand connection (100Amp)	10 729.00	11 415.66
10. Domestic three phase conventional connection with a maximum demand of 100A (Nkandla)	10 414.00	11 080.50
11. Domestic three phase pre-payment connection - >=80 Amps	4 099.00	7 516.00

12. New 80A single phase supply or conversion from 60A to 80A	3 448.00	3 668.67
13. Non-domestic three phase connection with a Maximum demand of 100A (The price will be determined by the engineers, as any meter with the maximum demand of 100 Amps or above needs assessment. Price will then be determined by that assessment.)	12 494.00	12 494.00
14. Conversion from 80A single phase pre-payment to 3 phase pre-payment connection	7 994.00	8 505.62
15. Three phase connection with a max demand greater than 100 Amp (Nkandla) All cost plus 10% of all equipment necessary plus the cost of the infrastructure contributions for additional electricity above that for existing or allowed, based on the zoning and area of the premises. (The price will be determined by the engineers, as any meter with the maximum demand of 100 Amps or above needs assessment. Price will then be determined by that assessment.)	7 994.00	7 994.00
16. An annual availability charge shall be assessed and levied in respect of each unserviced erf	2 557.00	2 720.65
17. Temporary connection - plus consumption (Reconnection Fee , Disconnection Fee and Consumption Fee)		
a) For building purposes, per building unit or Contractor's site	358.00	380.91
b) Basic monthly charge (Consumption) Worship sites	48.00	51.07
Construction Sites (Consumption to be determined by conventional meter installed)	72.00	76.61
18. Tampering Fees		
a) House with a market value of R85 000 or less as per Valuation Roll		
1. 1st Offence - Prepaid Meter	1 670.00	1 776.88
2. 2nd Offence - Prepaid Meter	3 338.00	3 551.63
3. 3rd Offence - Prepaid Meter	5 009.00	5 329.58
Any prepaid meter found to be tampered with ,the owner will be charged Tempering Fee, Disconnection Fee and Reconnection Fee plus a fixed consumption fine of R200.00		
b) House with a market value of R85001 or more as per Valuation Roll		
1. 1st Offence - Prepaid Meter	3 338.00	3 551.63
2. 2nd Offence - Prepaid Meter	5 006.00	5 326.38
3. 3rd Offence - Prepaid Meter	6 674.00	7 101.14
Any prepaid meter found to be tampered with ,the owner will be charged Tempering Fee, Disconnection Fee and Reconnection Fee plus a fixed consumption fine of R400.00		
c) Businesses within Nkandla Municipality		
1. 1st Offence - Prepaid Meter	5 009.00	5 329.58
2. 2nd Offence - Prepaid Meter	6 680.00	7 107.52
3. 3rd Offence - Prepaid Meter	8 351.00	8 885.46
Any prepaid meter found to be tampered with ,the owner will be charged Tempering Fee, Disconnection Fee and Reconnection Fee plus a fixed consumption fine of R600.00		
19. Any conventional meter found to be tampered with the owner will be charged R1450 plus 3 months average		

consumption to be calculated by finance department.	1 546.00	1 644.94
20. Disconnection Fees	333.00	354.31
21. Reconnection Fees	333.00	354.31
22. Meter Repositioning	333.00	700.00
23. Meter Testing - (Refundable only if meter found to be faulty) - When a consumer disputes the reading of the meter and requests that the meter is read again so as to confirm this, the following fees will be Levied if found that the first reading was correct:	91.00	96.82
J. ELECTRICITY TARIFFS : Assumming 1.88% increase subject to NERSA guidelines to be published 30/04/2017	Approved NERSA Tariffs 1617FY	Proposed NERSA tariffs 1718FY (1.88%)
1. Domestic Charges - Prepaid		
a. Domestic Prepaid Low (20Amp)	105.04	107.01
b. Domestic Prepaid Medium (60Amp)	-	131.24
c. Domestic Prepaid High (80Amp)	152.59	155.46
2. Commercial Charges -Conventional		-
a. Basic Charge per month	814.96	830.28
b. Energy Charge	136.58	139.15
3. Commercial with Maximum Demand		-
a. Basic Charge per month	1 627.62	1 658.22
b. Energy Charge	72.46	73.82
c. Demand Charge	234.25	238.65
4. Industrial (>100 KVA)		-
a. Basic Charge per month	2 109.40	2 149.06
b. Energy Charge	72.46	73.82
c. Demand Charge	234.25	234.25
K. COMMUNITY HALLS AND SPORTSFIELDS		
1. The following tariffs and deposits are payable for the hire of the facilities:		
a. Hall Hire (Day Rate) From: 06h00 to 18h00	628.00	668.19
b. Hall Hire (Evening Rate): From 18h00 to 05h00	891.00	948.02
c. Group Activities Hire (Day Rate) From: 06h00 to 18h00		200.00
d. Council Chamber Hire (Day Rate) From: 06h00 to 18h00		300.00
e. Facilities Deposit(Council Camber, Group Activities and Municipal Halls (both for day and night)	831.00	884.18
f. Fixed Charge for Electricity, Water and Kitchen Usage	220.00	234.08
		-
2. The following tariffs and deposits are payable for the hire of sportsfield		-

a. Sportfield Hire (Schools)	499.00	530.94
b.Sportfield Hire (Other) - Day Rates	985.00	1 048.04
c.Sportsfield Hire (Other) - Evening Rates	1 128.00	1 200.19
d. Fixed Charge for Electricity and Water Usage	200.00	212.80
		-
3. The following tariffs are payable for the hire of Recreational Parks		-
a. Booking for wedding (Day): From 06H00 to 18H00	628.00	668.19
b. Booking for a wedding (Night): From 18h00 to 05h00	891.00	948.02
c. Booking for Social gatherings e.g. reunions	600.00	638.40
d. Booking for kids birthdays (Age 1 to 12)	200.00	212.80
e.Booking for birthdays (Age 13 years and above)	300.00	319.20
f. Fixed Charge for Electricity and Water Usage	200.00	212.80
L. LIBRARY ACTIVITIES		
a) Library hours :- Monday – Friday (08:00am – 16:30pm)		
Saturday (08:00am – 13:00pm)		
b) Tariffs on overdue Material :		
(i) On books - per book per week	determined by system	determined by system
Maximum fine		-
(ii) On DVD's & Videos - on each per day	determined by system	determined by system
Maximum fine		
c) Photocopies - per page		-
1. A4 (Black & White)	1.00	1.06
2. A4 (Colour)	5.00	5.32
3. A3 (Black & White)	6.00	6.38
4. A3 (Colour)	7.00	7.45
d) Internet print out - per page (A4)	1.00	1.06
e) Internet print out - per per A4 Colour	5.00	5.32
M. SWIMMING POOL		
a. Use of the pool between 08:00 to 18:00 hours per adult	16.00	17.02
b. Use of the pool between 08:00 to 18:00 hours per child	11.00	11.70
c. No child aged 12 years and under, if un-accompanied by an adult, will be admitted to the pool.	Free	Free
		-
O. RATES		-
Agriculture	0.0028	0.0029
Business	0.0325	0.0346
Place of Worship (100% Rebate)	0.0189	0.0201
Protected Areas	-	-

Public Benefit Organisation (100% Rebate)	0.0028	0.0030
Public Service Infrastructure	-	-
Residential	0.0112	0.0119
Specialized Property	-	-
State Owned Property	0.0346	0.0369
State Trust Land	0.0028	0.0030
Vacant Land	0.0167	0.0178
Multiple Use Property	0.0325	0.0346
P. RENTAL OF MUNICIPAL FACILITIES		
1. SMMEs Phase 1		
a) 8.7sqm	693.00	693.00
b) 21sqm	880.00	880.00
2. SMMEs Phase 2		
a) 21sqm	1 330.00	1 330.00
b) 42sqm	2 660.00	2 660.00
3. Market Stalls	200.00	200.00
4. TIN TOWN		
a) Staff	300.00	300.00
b) Park Home	525.00	525.00
c) Caravans	528.00	528.00
d) Council Residential House (per person)	991.00	991.00
e) Office Space	991.00	991.00
f) MPCC	3 235.00	3 235.00
g) IEC	629.00	629.00
5. BUSINESS PARK	2 449.00	2 449.00
5(a) 84.5sqm	3 552.00	3 552.00
5(b) 130sqm	5 208.00	5 208.00
6. Fresh Produce Market	21 154.00	21 154.00
NB: Rent, Electricity Tariffs approved by NERSA and Refuse Removal Tariffs are exclusive of VAT, the billing system will calculate VAT accordingly		